

## **Keynote Address for EuroMoney Conference**

### **“Helping Burma/Myanmar Achieve its Goals Through Economic Engagement”**

Mingalaba – kha mya. Good afternoon.

It is an honor to be back again this year bringing the American dollar to the Euromoney conference. And a pleasure to again see so many good friends here. I would like to thank Euromoney once again for their invitation, and congratulations for another outstanding and successful event.

Much has happened since I had the opportunity to speak at this event a year ago. The pace of change in this country continues to be remarkable – and fairly exhausting for all concerned. But if the pace of change has been high, expectations both inside and outside the country remain even higher. As far as this country has come, there remains so much yet to be done, and we all can't wait. In the end, we all hope these developments herald an era of sustained peace, prosperity, and development that this country so richly deserves and that we all believe is in its future.

Since I spoke here just last year, we have likewise witnessed substantial advances in the U.S. relationship, including President Obama's historic visit last fall – the first-ever visit of a sitting U.S. president – and the return visit of President U Thein Sein to the United States in May.

These visits and enhanced diplomatic relations have helped kick off a new era of partnership between our two countries – partnerships in areas as diverse as humanitarian assistance, health, education, security sector reform, cross-cultural exchange, democracy and governance, and of course economic development.

We have done so in close consultation not only with the people of this country but also with our friends and partners around the world. We welcome and look forward to continuing that cooperation. I will speak more on that later.

We've also learned over the past year, however, that some kinds of change can happen quickly while other change will take much more time. One may ease restrictions on car imports, but building the roads to accommodate them? That will take more time.

In other words, we all a year later have a better sense of the need for patience: that the changes we all want to see, the conditions we all need to see, to feel political, economic, and social reform is real, tangible and sustained, will take time.

We will also need to get used to the ups and down, steps forward and back, that will likely mark reform here in the near term. While new approaches are evident, we've also seen indications that old mindsets die hard.

I know you all have talked about many of these issues already during this conference.

On the positive side, the Union government has adopted a managed floating exchange rate, liberalized imports, removed foreign exchange restrictions, and taken steps to reform tax policy and strengthen tax administration.

It has opened up its telecommunications sector to international companies.

It has acceded to the New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards, and enacted a new law that provides for the Central Bank's autonomy and that presages the opening up of the banking industry to more international participation.

President U Thein Sein has publicly called for improved rule of law and has taken promising initial steps to hold corrupt officials to account.

His government has also committed to meeting all conditions for becoming an official candidate country of the Extractive Industry Transparency Initiative by the end of 2013. If successful, this will put this country on a trajectory to improved transparency in – and accountable management of – its rich natural resources sector.

However, fundamental change is a work in progress.

As investors, you all no doubt understand better than I the practical steps the Union government needs to take to ensure that the operating environment here is conducive to investment, both foreign and domestic.

For instance, taking steps to reduce red tape and streamline regulatory procedures. Improving consistency in regulations and their application across different sectors and product categories. And empowering officials to make decisions based on

clear rules and regulations, rather than the current top-down process for all decisions major or minor.

It also includes setting and announcing specific priorities to provide clarity of vision, achieve some quick wins, maintain a sense of momentum, while managing expectations.

To instill confidence inside and outside the country about the sustainability of reform, that reform needs to be institutionalized rather than be merely a product of reform-minded personalities of the moment.

Unfortunately, despite increased will to reform, professional capacity at all levels of government and society is nascent after decades of neglect and repression. Most critically, severe deficiencies exist in the judicial system, in law enforcement, and in overall rule of law.

Fundamental freedoms remain nascent. While freedom of speech and association is exercised more robustly than at any time perhaps in the last 50 years, protection of speech and association is not fully enshrined in practice or law.

That said, ironically we've seen the greater space for free speech misused by some in recent months to promote division, fear and hatred in this new environment.

Which leads to the defining challenge historically of this country, one that remains central to the country's future: finding a way to maintain the country's unity and stability through peaceful political means rather than use of force. That means ending once and for all the internal conflicts that have held this country back since independence – and that now include putting a stop to the communal violence that has suddenly flared up between Buddhist and Muslim communities around the country.

These are not easy challenges to overcome. But I know from conversations with many citizens and companies over the past year that these issues remain a major question mark in their view of the future of the country, and of particular concern for those considering investments here.

The good news, however, is President U Thein Sein, his partners in government, and an energized Parliament headed by Thura Shwe Mann and including Daw Aung San Suu Kyi, appear serious about addressing this myriad of difficult challenges facing the country, challenges that would vex the most developed of

nations. What we all hope, however, is that these institutions and individuals all find a way to work closely together in partnership to find answers.

And all of us in the international community can and must do our part in this effort. For our part in the United States, in the fourteen months since I arrived here, we have eased or eliminated virtually all of our economic sanctions on this country.

That includes removing the two largest barriers to our – and others’ – economic engagement here, allowing once again dollar-denominated financial transactions and new corporate investment.

As of last month, restrictions on the U.S. importation of virtually all local products have been eliminated – the exception being jade and rubies, and the jewelry containing them.

Over the past year, we also concluded a bilateral Trade and Investment Framework Agreement and are in the midst of reviewing granting of GSP privileges, the result of which is expected in the next few months.

But as you all know, when President Obama made the decision to ease sanctions, he not only urged companies to invest here wisely, but do so responsibly. Indeed, we all must keep in mind that we can affect this country’s future for the better not just *by* engaging but in *how* we engage, economically and otherwise.

President Obama urged U.S. companies to be models of accountability, transparency, and good corporate governance, and bring education, training, and best labor practices to workers here. And in the process help create job opportunities, and ensure they leave local communities better off than when they first arrived.

That also means doing due diligence: understanding local conditions and needs, considering environmental and social impacts of their activities, and consulting the views of local communities when looking to invest in their neighborhood.

You all know these principles as they are based on guidelines on business and human rights developed by the United Nations and the Organization for Economic Cooperation and Development.

I am proud of the legacy of U.S. companies’ adherence to these practices around the world. I know from meeting a multitude of leading U.S. business leaders over

the past year that they take their commitment to Corporate Social Responsibility very seriously – from GE’s leadership academy and support for maternal and child health services, to Caterpillar’s English-language and management training; from Coca Cola’s commitment to women’s empowerment and micro-finance, to Proctor and Gamble’s effort to bring water purification tablets to villages around the world.

They don’t think twice about their CSR programs as they know it’s not only the right thing to do ethically but it’s good for business, investing in the health, safety, security, and stability of their future workers, business partners and consumers. And they are excited to be able to make a contribution to the historic transition taking place here.

I don’t think it’s a stretch to say that the nature of our economic engagement can also help underwrite the future peace and stability of this country. For instance, by consulting early with communities in traditionally volatile and alienated ethnic nationality regions, investors can help affirm that peace will not come at the *expense* of these peoples’ desire for respect and development but will be consistent with that goal. And should communities say the time is not right, that voice should be respected.

By showing respect for local contexts and local concerns, companies can both lay the foundation for trust in their brand, and help affirm the value to these communities of peace.

This is particularly important when considering perhaps the most challenging issue for domestic stability, economic justice, and national development: land. I’ve been pleased to see the government, parliament, and civil society groups taking a close look at land issues and their broader implications for the country’s development. However, land reform, including addressing land tenure and particularly land confiscation, remains a keenly divisive issue in the country, one whose settlement will go farther than most others toward ensuring equitable and sustained economic development and national stability.

Again, we all, everybody in this room has a stake in this country’s success. Next year, Myanmar will assume the ASEAN chairmanship. And in 2015, it will hold its next general election. The world’s gaze will be fixed on this country as its transition undergoes many crucial tests in the months and years ahead. For instance:

What will the role of the military be going forward? Will that critical institution continue to step away from politics, contribute to the peace process, and support a transition to full civilian control, a tenet central to democracy and to confidence that democratic reform in this country is real and will be sustained?

Will the peace process gain traction? Will cease-fire agreements be respected in full to the point where all guns fall silent and a serious national dialogue begins on the future outlines of the “new Myanmar”?

Will communal violence end, and will the vision of a multi-ethnic, multi-religious country tolerant of – indeed embracing – its diversity win out to bring real and lasting peace and stability to this country?

And will the 2015 elections mark a fundamental turning point in this country? Will power be passed peacefully and democratically? And will the will of the people be reflected in the result to the point where selection of the person they desire should lead them in the crucial next phase of this country’s history is not artificially constrained but fully respected?

These will all be tests, and again the world will be watching. The skeptics might say this country cannot simultaneously pursue so many grand tasks - that it does not have the capacity to handle the country’s complicated ethnic and religious dynamics, while it also pursues democratic and economic reforms.

However, despite all these lingering challenges, the United States remains optimistic about the trajectory of this great country. The United States is confident in the tenacity and determination of this country’s people to build a peaceful, just, and prosperous society. I sense that everybody in this room shares that confidence. We all just need to be patient, see this country as it is and not how we wish it were, not as a place to exploit but to study and truly invest in.

And if we do, I’m confident that every successive Euromoney conference will grow in importance to reflect increased economic opportunities for international business here as we all witness the gradual, hard-won transformation of the last frontier of Asia.

Thank you again to EuroMoney for the kind invitation to speak today, and thank you all very much for listening. Chaysutimbade kha-mya.